

STATE OF SOUTH CAROLINA

Request of South Carolina Electric & Gas Company to
Decrease its Rate Rider Related to Pension Costs from
\$0.00051 to \$0.00004 per kilowatt hour

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2014 - - E

(Please type or print)

Submitted by: K. Chad BurgessSC Bar Number: 69456

Address: SCANA Corp.
220 Operation Way MC C222
Cayce, SC 29033

Telephone: 803-217-8141Fax: 803-217-7810

Other: _____

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input checked="" type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



K. Chad Burgess
Associate General Counsel

chad.burgess@scana.com

March 3, 2014

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

**RE: Request of South Carolina Electric & Gas Company to Decrease
its Rate Rider Related to Pension Costs from \$0.00051 to
\$0.00004 per kilowatt hour
Docket No. 2014-____-E**

Dear Ms. Boyd:

By Order No. 2012-951, issued on December 20, 2012, in Docket No. 2012-218-E, the Public Service Commission of South Carolina ("Commission") approved South Carolina Electric & Gas Company's ("SCE&G" or "Company") Rider Related to Pension Costs ("Pension Rider"), which serves as the mechanism for SCE&G to recover its pension costs related to retail electric operations. The Pension Rider is subject to an annual true up depending on conditions in financial markets and other factors. Based upon the reasons set forth below, by this filing SCE&G seeks the Commission's approval to decrease its Pension Rider from \$0.00051 to \$0.00004 per kilowatt hour ("kWh"), which will be applicable to all SCE&G retail electric rate schedules.

In Order No. 2012-951, the Commission found that pension expenses "can vary significantly from year to year depending on conditions in financial markets and other factors." *Id.* at p.38. The Commission also determined that "using a rate rider for recovery of pension expense would allow the Company to adjust its pension expense collections with an annual true-up." *Id.* Based upon the recent performance of financial markets and rising interest rates, coupled with the Company's amendment to its pension plan to close it to new entrants as of January 2014 and to cease most benefit accruals as of January 1, 2024, current actuarial estimates reflect a decrease in pension costs. Accordingly, the Company projects there will be an over-collection of pension costs of approximately \$10.3 million as of April 2015 without a reduction in the currently approved Pension Rider. Exhibit No. 11, a copy of which is attached hereto, reflects the over-collection projections through April 2015, if no reduction of the Pension Rider is authorized.

(Continued . . .)

In this docket, the Company is proposing to decrease the Pension Rider from \$0.00051 per kWh to \$0.00004 per kWh, resulting in a reduction in the Pension Rider of \$0.00047 per kWh. Attached hereto as Exhibit No. 2 is a redline version of the revised Pension Rider reflecting the proposed decrease. Also attached hereto as Exhibit No. 3 is a clean version of the updated Pension Rider reflecting the proposed decrease. Decreasing the Pension Rider collections by \$0.00047 per kWh will result in a projected decrease in annual collections from SCE&G's customers of approximately \$10.3 million.

In Docket No. 2014-2-E, the Company is simultaneously proposing an offsetting adjustment to its base fuel factor of the same amount as the reduction in the Pension Rider, namely \$0.00047 per kWh. The resulting increase in fuel cost collections will reduce the under-collected fuel cost balance by approximately \$10.3 million, an amount equal to the reduced collections from the proposed reduction in the Pension Rider. The net effect to SCE&G's customers is neutral. However, the increase in future fuel cost collections will mitigate, but will not eliminate the under-collected base fuel cost balance.

Pursuant to S.C. Code Ann. § 58-27-870(F) (Supp. 2013), the Commission may issue an order allowing rates and tariffs to be put into effect without notice and hearing when such rates "do not require a determination of the entire rate structure and overall rate of return, or . . . when the rates or tariffs so filed are otherwise necessary to obtain an orderly rate administration." The relief requested herein will not require a determination of the entire rate structure and overall rate of return. Moreover, the Company respectfully asserts that the relief requested is necessary for orderly rate administration as contemplated by § 58-27-870(F) and Commission Order No. 2012-951.

Based on the foregoing, SCE&G respectfully requests that the Commission review and approve, without notice and hearing, the attached updated Pension Rider reflecting a decrease of \$0.00047 per kWh. SCE&G further requests that the updated Pension Rider be effective for bills rendered on and after the first billing cycle of May 2014.

By copy of this letter, SCE&G is notifying the South Carolina Office of Regulatory Staff of the Company's request and enclose a certificate of service to that effect.

(Continued . . .)


The Honorable Jocelyn G. Boyd

March 3, 2014

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If you have any questions, please advise.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", with a long, sweeping horizontal line extending to the right.

K. Chad Burgess

KCB/kms

Enclosures

cc: **John W. Flitter**

Jeffrey M. Nelson, Esquire

(both via electronic mail and U.S. First-Class Mail w/enclosures)

SCE&G's Projection of Pension Rider Over Recovery if No Reduction is Made

	<u>Projected Rider Recovery</u>	<u>Projected Pension Costs</u>	<u>Under/(Over) Collection</u>
Jan-14			\$2,084,691 {1}
Feb-14	\$842,540	\$64,337	\$1,306,488
Mar-14	\$880,185	\$64,337	\$490,640
Apr-14	\$782,010	\$64,337	(\$227,033)
May-14	\$874,049	\$64,337	(\$1,036,745)
Jun-14	\$1,008,265	\$64,337	(\$1,980,673)
Jul-14	\$1,065,511	\$64,337	(\$2,981,847)
Aug-14	\$1,063,504	\$64,337	(\$3,981,014)
Sep-14	\$950,843	\$64,337	(\$4,867,520)
Oct-14	\$846,203	\$64,337	(\$5,649,386)
Nov-14	\$840,310	\$64,337	(\$6,425,359)
Dec-14	\$881,282	\$64,337	(\$7,242,304)
Jan-15	\$859,314	\$64,337	(\$8,037,281)
Feb-15	\$842,540	\$64,337	(\$8,815,484)
Mar-15	\$880,185	\$64,337	(\$9,631,332)
Apr-15	\$782,010	\$64,337	(\$10,349,005)

{1} Reflects actual undercollected balance as of January 31, 2014. All other amounts reflect projected activity and balances.

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ELECTRICITY

RIDER TO RETAIL RATES

PENSION COSTS COMPONENT

APPLICABILITY

Service supplied under the Company's retail electric rate schedules is subject to the approved Rider to Retail Rates - Pension Costs Component. The charge shown below is applicable to and a part of the Company's South Carolina retail electric rate schedules for the recovery of pension-related costs and is included in the monthly rate provision of the applicable schedule used in billing.

RIDER RELATED TO PENSION COSTS

The rate listed below is included in all retail electric rate schedule energy charges for the recovery of pension-related costs.

Increment included in all retail electric rate schedules

~~\$ 0.0005~~ per kWh

\$ 0.00004 per kWh

Effective for Service Rendered
On and After January 1, 2013

SOUTH CAROLINA ELECTRIC & GAS COMPANY

ELECTRICITY

RIDER TO RETAIL RATES**PENSION COSTS COMPONENT****APPLICABILITY**

Service supplied under the Company's retail electric rate schedules is subject to the approved Rider to Retail Rates - Pension Costs Component. The charge shown below is applicable to and a part of the Company's South Carolina retail electric rate schedules for the recovery of pension-related costs and is included in the monthly rate provision of the applicable schedule used in billing.

RIDER RELATED TO PENSION COSTS

The rate listed below is included in all retail electric rate schedule energy charges for the recovery of pension-related costs.

Increment included in all retail electric rate schedules

\$ 0.00004 per kWh

Effective for Bills Rendered On and After
the First Billing Cycle of May 2014

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2014-____-E

IN RE:

Request of South Carolina Electric & Gas)	
Company to Decrease its Rate Rider)	
Related to Pension Costs from \$0.00051)	CERTIFICATE
to \$0.00004 per kilowatt hour)	OF SERVICE
_____)	

This is the certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Request to Decrease its Rate Rider Related to Pension Costs from \$0.00051 to \$0.00004 per kilowatt hour** via electronic mail and U.S. First-Class Mail hand delivery to the persons named below at the addresses set forth:

Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
jnelson@regstaff.sc.gov

John W. Flitter
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201
jflitter@regstaff.sc.gov


Karen M. Scruggs

Cayce, South Carolina

This 3rd day of March 2014